

# LEGISLATURE

## PUBLIC ACT 310 OF 1998

Analyst: Robin Risko

	FY 1997-98 YEAR-TO-DATE APPROPRIATIONS	FY 1998-99 ENACTED APPROPRIATION	FY 1998-99 ENACTED CHANGE FROM FY 1997-98	
			AMOUNT	PERCENT
<b>FTE POSITIONS</b>	0.0	0.0	n/a	n/a
<b>GROSS</b>	\$91,021,600	\$90,987,000	(\$34,600)	(.04)
<b>IDG/IDT</b>	0	0	0	0.0
<b>ADJUSTED GROSS</b>	\$91,021,600	\$90,987,000	(\$34,600)	(.04)
<b>FEDERAL</b>	0	0	0	0.0
<b>LOCAL</b>	0	0	0	0.0
<b>PRIVATE</b>	400,000	400,000	0	0.0
<b>OTHER</b>	1,041,800	1,041,800	0	0.0
<b>GF/GP</b>	\$89,579,800	\$89,545,200	(\$34,600)	(.04)

### HB 5595

Referred to  
Appropriations  
02/19/98

Passed House  
05/13/98

Passed Senate  
05/27/98

Conference  
Approved by House  
07/01/98

Conference  
Approved by Senate  
07/01/98

Effective  
07/30/98



## **OVERVIEW - LEGISLATURE**

The legislative power of the State of Michigan is vested in a bicameral (two-chamber) body comprised of a Senate and a House of Representatives. The Senate consists of 38 members who are elected by the qualified electors of districts having approximately 225,000 to 265,000 residents. Senators are elected at the same time as the Governor and serve four-year terms concurrent with the Governor's term of office. The House of Representatives consists of 110 members who are elected by the qualified electors of districts having approximately 77,000 to 91,000 residents. Representatives are elected in even-numbered years to two-year terms. Legislative districts are drawn on the basis of population figures obtained through the federal decennial census. Terms for Senators and Representatives begin on January 1, following the November general election. The budget for the Legislature provides funding for the Legislative branch, the Legislative Council, the Legislative Retirement System, and Property Management.

The Legislature enacts the laws of Michigan; levies taxes; appropriates funds from revenues collected for the support of public institutions and the administration of the affairs of state government; initiates and considers amendments to the State Constitution; considers legislation proposed by initiatory petitions; exercises legislative oversight over the Executive branch of government through the administrative rules and audit processes; and advises and consents, through the Senate, on gubernatorial appointments. The majority of the Legislature's work, however, entails lawmaking. Through a process defined by the State Constitution, statute, and legislative rules, the Legislature considers thousands of bills (proposed laws) during each two-year session.

The Legislative Council is responsible for maintaining bill drafting, research, and other services for members of the Legislature.

The Legislative Retirement System provides retirement allowances, survivor's allowances, and other benefits for members of the Legislature, their presiding officers, and their survivors and beneficiaries.

Property Management has full responsibility for care and upkeep of the Capitol Building, the Roosevelt Building, and the Farnum Building.

Public Act 310 provides \$90,987,000 in Gross appropriations and \$89,545,200 in GF/GP appropriations for the Legislature. This reflects a decrease in Gross and GF/GP appropriations of \$34,600, or a .04% reduction, from the current year appropriated levels.

**MAJOR BUDGET CHANGES: FY 1998-99**

<u>Budget Issue</u>		<u>Change from FY 1997-98</u>
<b>1. State Officers Compensation Commission (SOCC) Adjustments</b>	FTEs	0.0
	<b>Gross</b>	<b>\$225,100</b>
Included is \$225,100 (Gross and GF/GP) to cover the costs of the salary increases provided by SOCC for the Legislators (\$167,300 House of Representatives; \$57,800 Senate). The salary of a Legislator will be \$53,192 through the 1998 calendar year, and will be adjusted on January 1, 1999 as determined by SOCC.	GF/GP	\$225,100
<b>2. Trial Court Assessment Commission</b>	FTEs	0.0
	<b>Gross</b>	<b>\$279,900</b>
Included is \$279,900 (Gross and GF/GP) for the Trial Court Assessment Commission, as transferred to the Legislative Council budget from the Judiciary budget. The Commission studies and classifies civil and criminal court cases and then develops criteria for determining the complexity of the cases. This information is used to develop a funding formula recommendation for the Legislature to incorporate into the annual appropriations process for the relevant courts.	GF/GP	\$279,900

**ECONOMIC AND RETIREMENT ISSUES: FY 1998-99****ECONOMIC ISSUES**

<b>Economic Adjustments</b>	<b>Gross</b>	<b>\$2,173,800</b>
Included is \$2.2 million (Gross and GF/GP) for standard economic adjustments associated with salaries and wages, insurances for employees, motor transport, and worker's compensation.	GF/GP	\$2,173,800

**RETIREMENT ISSUES**

<b>1. Health Insurance Costs (Legislative Retirement)</b>	<b>Gross</b>	<b>\$2,189,100</b>
Included is \$2.2 million Gross and \$1.1 million GF/GP to cover anticipated health care costs for the deferred and retiree members of the Legislative Retirement System.	GF/GP	\$1,147,300
<b>2. Actuarial Requirement (Legislative Retirement)</b>	<b>Gross</b>	<b>(\$2,030,700)</b>
Savings are reflected because there will not be an actuarial requirement in FY 1998-99. The Legislative Retirement System is now a closed system, not accepting new members, as a result of the state's new defined contribution plan.	GF/GP	(\$988,900)
<b>3. State Employees' Retirement System Adjustments</b>	<b>Gross</b>	<b>(\$2,041,900)</b>
Savings are reflected for retirement as a result of changing actuarial funding methods and assumptions in the State Employees' Retirement System.	GF/GP	(\$2,041,900)

**MAJOR BOILERPLATE CHANGES: FY 1998-99*****Health Benefits for Unmarried Domestic Partners***

Language is included which prohibits the use of appropriations for funding health insurance benefits for unmarried domestic partners of legislators or legislative employees.

**VETOES: FY 1998-99**

None

**REVENUE INCREASES: FY 1998-99**

None

**SUPPLEMENTAL APPROPRIATIONS: FY 1997-98**

<b>1. Worker's Compensation</b>	<b>Gross</b>	<b>\$100,000</b>
Included is \$100,000 (Gross and GF/GP) to cover the costs of a one-time employee compensation settlement claim.	GF/GP	\$100,000
<b>2. Telecommunications Equipment</b>	<b>Gross</b>	<b>\$200,000</b>
Included is \$200,000 (Gross and GF/GP) to provide for the purchase and installation of wiring and cabling for the new House office building.	GF/GP	\$200,000
<b>3. Legislative Session Integration System</b>	<b>Gross</b>	<b>\$1,413,100</b>
Included is \$1.4 million (Gross and GF/GP) for one-time costs associated with the Legislative Session Integration System. This funding has been removed from the base appropriation in the FY 1998-99 budget.	GF/GP	\$1,413,100
<b>4. State Employees' Retirement System Adjustment</b>	<b>Gross</b>	<b>(\$2,248,000)</b>
Savings are reflected as a result of changing actuarial funding methods and assumptions used to estimate funding requirements for the State Employees' Retirement System, made retroactive to September 30, 1997.	GF/GP	(\$2,248,000)

# LIBRARY OF MICHIGAN

## PUBLIC ACT 310 OF 1998

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	FY 1997-98 YEAR-TO-DATE APPROPRIATIONS	FY 1998-99 ENACTED APPROPRIATION	FY 1998-99 ENACTED CHANGE FROM FY 1997-98	
			AMOUNT	PERCENT
FTE POSITIONS	140.0	140.0	0.0	0.0
GROSS	\$35,643,700	\$37,249,100	\$1,605,400	4.5
IDG/IDT	0	0	0	0.0
ADJUSTED GROSS	\$35,643,700	\$37,249,100	\$1,605,400	4.5
FEDERAL	4,109,800	4,109,800	0	0.0
LOCAL	0	0	0	0.0
PRIVATE	75,000	75,000	0	0.0
OTHER	86,900	86,900	0	0.0
GF/GP	\$31,372,000	\$32,977,400	\$1,605,400	5.1

### HB 5595

Referred to  
Appropriations  
02/12/98

Passed House  
05/13/98

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05/27/98

Conference  
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07/01/98

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Effective  
07/30/98



## **OVERVIEW - LIBRARY OF MICHIGAN**

The Library of Michigan, formerly known as the State Library, became a part of the Legislative branch of government in 1983. It is governed (for policy purposes) by the Legislative Council, which then appoints, in consultation with the 15-member Board of Trustees of the Library of Michigan, the State Librarian. The State Librarian is the chief administrator of the Library.

The Library of Michigan is primarily charged with providing reference services to the Legislative, Executive, and Judicial branches of state government, and to the general public. As the fourth largest state library in the nation, the Library maintains a collection of over three million books, millions of state and federal government publications, Michigan newspapers on microfilm, magazines and other periodicals, and one of the country's leading collections on family history.

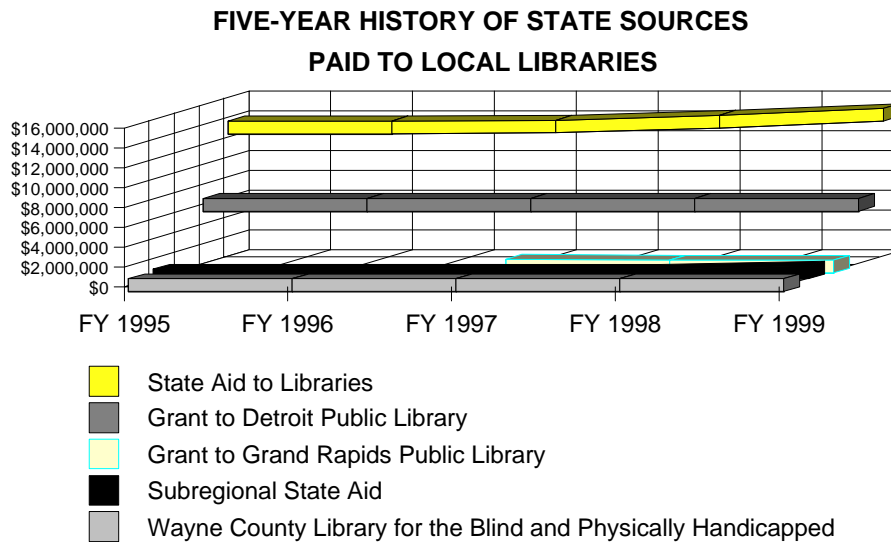
The Library of Michigan also assists Michigan libraries statewide. More than \$13.5 million in state aid is distributed annually to Michigan public libraries and to 15 cooperative libraries. State aid funding provides books and materials, as well as staff training and interlibrary loan and delivery services to link libraries together. State aid funding enables Library of Michigan staff to provide workshops to train librarians and library trustees. Below is a chart which details state sources of funding paid to local libraries for Fiscal Years 1994-95 through 1998-99.

More than \$4.1 million in federal funds is distributed annually to Michigan libraries through a competitive grant program. The federally-funded projects include library building improvement, new technology for libraries, and assistance for children's summer reading programs.

The Library is also linked to the Library of Congress, and is the state agency responsible for library services to the blind and to persons with disabilities. These services are used widely by senior citizens through the Library of Michigan and through a network of subregional libraries.

Public Act 310 provides \$37,249,100 in Gross appropriations and \$32,977,400 in GF/GP appropriations for the Library of Michigan. This reflects an increase in Gross appropriations of \$1,605,400, or 4.5%, with an accompanying GF/GP appropriation increase of \$1,605,400, or 5.1%, over the current year appropriated levels.





Source: FY 1995 - FY 1999 General Government Appropriations Acts; Public Acts 288, 158, 364, 111, and 310 respectively.

## MAJOR BUDGET CHANGES: FY 1998-99

<u>Budget Issue</u>		<u>Change from FY 1997-98</u>
<b>1. State Aid to Libraries</b>	FTEs	0.0
Included is \$691,100 (Gross and GF/GP) for State Aid to Libraries in an effort to fund the libraries according to Public Act 89 of 1977, the State Aid to Public Libraries Act. The Act calculates state aid at \$0.50 per capita. The formula reimbursement contained in the current year FY 1997-98 appropriation is at \$0.476 per capita. The additional \$691,100 for FY 1998-99 will raise the formula reimbursement to \$0.50 per capita.	<b>Gross</b>	<b>\$691,100</b>
	GF/GP	\$691,100
<b>2. Subregional State Aid</b>	FTEs	0.0
Included is \$302,500 (Gross and GF/GP) for the Subregional State Aid line item, which supports libraries for the blind and for persons with disabilities.	<b>Gross</b>	<b>\$302,500</b>
	GF/GP	\$302,500
<b>3. Renaissance Zone Reimbursement</b>	FTEs	0.0
Included is \$23,700 (Gross and GF/GP) for reimbursements to be made to public libraries as a result of the Renaissance Zone legislation (Public Act 376 of 1996). The Renaissance Zone Act, which eliminates the portion of property taxes that are designated for libraries, also provides for reimbursement of that revenue to libraries to hold them harmless.	<b>Gross</b>	<b>\$23,700</b>
	GF/GP	\$23,700

**MAJOR BUDGET CHANGES: FY 1998-99**

<u>Budget Issue</u>		<u>Change from FY 1997-98</u>
<b>4. Library Automation</b>	FTEs	0.0
The budget maintains current year funding levels for this line item, but transfers \$500,000 out of the Automation line item into a newly created Statewide Database Access line item, in order to more accurately reflect where expenditures occur.	<b>Gross</b>	<b>\$0</b>
	GF/GP	\$0

**ECONOMIC AND RETIREMENT ISSUES: FY 1998-99**

**ECONOMIC ISSUES**

<b>Economic Adjustments</b>	<b>Gross</b>	<b>\$527,800</b>
Included is \$527,800 (Gross and GF/GP) for standard economic adjustments associated with salaries and wages, insurances for employees, and motor transport.	GF/GP	\$527,800

**RETIREMENT ISSUES**

<b>State Employees' Retirement System Adjustments</b>	<b>Gross</b>	<b>(\$163,700)</b>
Savings are reflected for retirement as a result of changing actuarial funding methods and assumptions in the State Employees' Retirement System.	GF/GP	(\$163,700)

**MAJOR BOILERPLATE CHANGES: FY 1998-99**

None

**VETOES: FY 1998-99**

None

**REVENUE INCREASES: FY 1998-99**

None

**SUPPLEMENTAL APPROPRIATIONS: FY 1997-98**

<b>State Employees' Retirement System Adjustment</b>	<b>Gross</b>	<b>(\$224,000)</b>
Savings are reflected as a result of changing actuarial funding methods and assumptions used to estimate funding requirements for the State Employees' Retirement System, made retroactive to September 30, 1997.	GF/GP	(\$224,000)

# MANAGEMENT AND BUDGET

## PUBLIC ACT 310 OF 1998

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	FY 1997-98 YEAR-TO-DATE APPROPRIATIONS	FY 1998-99 ENACTED APPROPRIATION	FY 1998-99 ENACTED CHANGE FROM FY 1997-98	
			AMOUNT	PERCENT
<b>FTE POSITIONS</b>	1,030.0	948.0	(82.0)	(8.0)
<b>GROSS</b>	\$143,268,100	\$133,640,200	(\$9,627,900)	(6.7)
<b>IDG/IDT</b>	52,888,400	51,115,800	(1,772,600)	(3.4)
<b>ADJUSTED GROSS</b>	\$90,379,700	\$82,524,400	(\$7,855,300)	(8.7)
<b>FEDERAL</b>	9,295,400	590,700	(8,704,700)	(93.6)
<b>LOCAL</b>	0	0	0	0.0
<b>PRIVATE</b>	0	0	0	0.0
<b>OTHER</b>	37,800,300	37,253,700	(546,600)	(1.4)
<b>GF/GP</b>	\$43,284,000	\$44,680,000	\$1,396,000	3.2

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02/19/98

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Effective  
07/30/98



## OVERVIEW - MANAGEMENT AND BUDGET

The Department of Management and Budget is an interdepartmental service and management agency responsible for all of the following: ensuring proper financial record keeping for state agencies; developing, upgrading, and maintaining data and communications systems; negotiating collective bargaining agreements; managing capital outlay projects; managing property for the state; executing cost-effective purchasing programs; managing the state's retirement systems; and providing office support services to state agencies. In addition, the Department also prepares, presents, and executes the state budget on behalf of the Governor.

The Director of the Department is appointed by the Governor. The Director provides program and policy direction for all state departments, and monitors program execution to ensure efficiency and effectiveness of departmental operations. The State Budget Director is also appointed by the Governor, and is responsible for coordinating all executive budget activities, including development and presentation.

Public Act 310 provides \$133,640,200 in Gross appropriations and \$44,680,000 in GF/GP appropriations for the Department of Management and Budget. This reflects a decrease in Gross appropriations of \$9,627,900, or a 6.7% reduction, from the current year appropriated levels, and an increase in GF/GP appropriations of \$1,396,000, or 3.2%, over the current year appropriated levels.

## MAJOR BUDGET CHANGES: FY 1998-99

<u>Budget Issue</u>		<u>Change from FY 1997-98</u>
<b>1. <i>Unclassified Positions</i></b>	FTEs	0.0
Included is \$14,600 (Gross and GF/GP) for a 3% salary increase for the unclassified positions.	<b>Gross</b>	<b>\$14,600</b>
	GF/GP	\$14,600
<b>2. <i>Michigan Geographic Framework</i></b>	FTEs	0.0
Included is \$100,000 (Gross and GF/GP) to cover the Department's share of operational costs of the Michigan Geographic Framework (MGF). The Michigan Information Center administers the MGF, which is the base map used for various demographic-related activities.	<b>Gross</b>	<b>\$100,000</b>
	GF/GP	\$100,000

**MAJOR BUDGET CHANGES: FY 1998-99**

<u>Budget Issue</u>		<u>Change from FY 1997-98</u>
<b>3. Fund Source Shift - DCS</b>	FTEs	0.0
Included is additional state restricted and GF/GP funding, and a reduction in IDG funding. Pursuant to Executive Order 1996-5, the Employee Services, Employee Benefits, and Suggestion Awards programs were transferred to the Department of Management and Budget (DMB) from the Department of Civil Service (DCS). An IDG from DCS previously supported these programs, but in FY 1998-99 DMB will be responsible for funding these programs, and will do so with state restricted and general fund revenues.	<b>Gross</b>	<b>\$0</b>
	GF/GP	\$236,400
<b>4. SWICAP Adjustments</b>	FTEs	0.0
Included are adjustments made to IDG, federal, state restricted, and GF/GP fund sources in order to reflect the most recent Statewide Indirect Cost Allocation Plan (SWICAP).	<b>Gross</b>	<b>\$0</b>
	GF/GP	(\$340,200)
<b>5. Local Government Claims Review Board</b>	FTEs	2.0
Included is \$500,000 (Gross and GF/GP) and authorization for 2.0 FTE positions for implementation of the Local Government Claims Review Board. The Board was created, pursuant to Public Act 101 of 1979, to resolve factual issues arising from new state requirements of local governments. Given that the Durant case has been settled, it is anticipated that there may be issues, including future claims, that the Board will need to consider.	<b>Gross</b>	<b>\$500,000</b>
	GF/GP	\$500,000
<b>6. Transfer of Secondary Complex Security</b>	FTEs	0.0
Reflected is the transfer of Secondary Complex Security costs from the Department of State Police (DSP) to the Department of Management and Budget. Department of Management and Budget has let a contract with a private security firm for these services at a cost lower than what DSP was paying, and will be receiving 80% more coverage in the area.	<b>Gross</b>	<b>\$375,000</b>
	GF/GP	\$0
<b>7. Property Management Division</b>	FTEs	0.0
Included is \$200,000 (Gross) for increased Property Management Division contract costs. These contract costs are associated with miscellaneous operating projects and are supported by building occupancy and parking charges.	<b>Gross</b>	<b>\$200,000</b>
	GF/GP	\$0
<b>8. Transfer Grants Administration Services</b>	FTEs	(9.0)
A savings of \$593,600 Gross and \$471,100 GF/GP is reflected due to the transfer of the Grants Administration Services program from the Department of Management and Budget to the Department of Community Health, pursuant to Executive Order 1997-10.	<b>Gross</b>	<b>(\$593,600)</b>
	GF/GP	(\$471,100)

**MAJOR BUDGET CHANGES: FY 1998-99**

<u>Budget Issue</u>		<u>Change from FY 1997-98</u>
<b>9. <i>Transfer Justice Assistance and Crime Victims' Rights Services Grants</i></b>	FTEs	0.0
	<b>Gross</b>	<b>(\$13,674,600)</b>
A savings of \$13.7 million (Gross) is reflected due to the transfer of the Justice Assistance and Crime Victims' Rights Services Grant programs from the Department of Management and Budget to the Department of Community Health, pursuant to Executive Order 1997-10.	GF/GP	\$0

## ECONOMIC AND RETIREMENT ISSUES: FY 1998-99

### ECONOMIC ISSUES

#### ***Economic Adjustments***

Included is \$3.1 million Gross and \$1.2 million GF/GP for standard economic adjustments associated with salaries and wages, insurances for employees, building occupancy charges, utilities, motor transport, and worker's compensation.

<b>Gross</b>	<b>\$3,071,600</b>
GF/GP	\$1,227,100

### RETIREMENT ISSUES

#### ***1. Increased Contract and Mailing Costs***

Included is \$106,600 (Gross) for the Retirement Services line item for increased costs associated with external auditors, hearing officers, medical consultants, and actuarial services. Also, funding is included for additional mailing costs due to an increase in the number of retirees.

<b>Gross</b>	<b>\$106,600</b>
GF/GP	\$0

#### ***2. Early Retirement Savings***

Included in the FY 1997-98 budget was a negative appropriation of \$500,600 (Gross and GF/GP), which represented savings as a result of the state's 1997 early retirement program. The FY 1998-99 budget reflects these savings and the associated FTE position reductions in the line items affected by the early retirement of state employees.

FTEs	(75.0)
<b>Gross</b>	<b>\$0</b>
GF/GP	\$0

#### ***3. State Employees' Retirement System Adjustments***

Savings are reflected for retirement as a result of changing actuarial funding methods and assumptions in the State Employees' Retirement System.

<b>Gross</b>	<b>(\$1,830,700)</b>
GF/GP	(\$780,100)

## MAJOR BOILERPLATE CHANGES: FY 1998-99

The following current-year language is *deleted*:

#### ***1. Early Retirement***

This language required each department and the State Budget Director to request legislative transfers to apply the retirements costs and salary and fringe benefit savings to the line items affected by early retirement.

#### ***2. Progress Report on MAIN***

This language required the Department to report to the Legislature on the progress made in completing MAIN, and on the costs incurred by each department and agency.

#### ***3. Report on Excess Revenues Collected and Returned***

This language required the Department to report to the House and Senate Appropriations Subcommittees on General Government on the amount of excess building occupancy and parking charge revenues collected from and returned to departments and state agencies.



**MAJOR BOILERPLATE CHANGES: FY 1998-99**

The following current-year language is *retained*:

***Eliminate Coverage for Abortions***

This language prohibits use of appropriations to cover state employees or their dependents for abortion services wherever such services are not required by civil service or by collective bargaining agreements. Also, directs the Office of the State Employer to negotiate the elimination of coverage for abortion services through the collective bargaining process.

The following new language is *included*:

***Flexible Spending Accounts***

This language describes appropriations for the flexible spending account programs, and requires that unspent employee contributions be used to offset administrative costs. Any remaining balance of unspent employee contributions are to lapse to the Healthy Michigan Fund (HMF) if permissible by federal law, and if not to the HMF, then to the General Fund.

**VETOES: FY 1998-99**

None

**REVENUE INCREASES: FY 1998-99**

None

**SUPPLEMENTAL APPROPRIATIONS: FY 1997-98**

***State Employees' Retirement System Adjustment***

Savings are reflected as a result of changing actuarial funding methods and assumptions used to estimate funding requirements for the State Employees' Retirement System, made retroactive to September 30, 1997.

<b>Gross</b>	<b>(\$2,059,400)</b>
GF/GP	(\$815,200)